



**Indiana Township Association  
September 28, 2011  
Sheraton, Keystone at the Crossing  
Indianapolis, Indiana**

**State Board of Accounts**

# Questions or Comments?

**Please submit any  
questions or comments  
in the box provided.**



# Contact Us

**317-232-2520**

**Indiana State Board of Accounts  
302 West Washington Street  
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**State Board of Accounts**

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# State Board of Accounts Website

[www.in.gov/sboa](http://www.in.gov/sboa)

**Township Bulletins**  
**Township Manual**  
**Filed Audit Reports**  
**100-R**  
**Meeting Materials**

# 2010 Report Filings

Annual  
Reports

- **100% of Townships Filed 2010 Annual Reports**

100-R

- **52 Townships have not filed Form 100-R for 2011**

TA-7

- **2 Townships have not filed TA-7**

**State Board of Accounts**

# Ryan Preston

Born and raised in Winchester, IN, Randolph County

Mother is County Recorder in Randolph County

Father is City Councilman in the City of Winchester

Wife is an English Teacher at Brownstown Central High School

# **Ryan Preston - Continued**

**Graduated from Hanover College in 2001**

**Field Examiner from June 2001 to July 2011**

**Concentrated mostly in Southcentral Indiana – Jackson,  
Washington, Lawrence, Bartholomew and Brown Counties**

**Office Supervisor for Townships in August 2011**



# **2011 Public Law Changes**

**[www.in.gov/legislative/](http://www.in.gov/legislative/)**

**Public Law 58  
Senate Enrolled Act 26  
Effective July 1, 2011  
Local Government Reorganization  
Adds IC 36-1-7-16**

**Requires the Department of Local government Finance (DLGF) to develop criteria for making an adjustment to allow a political subdivision to retain a part of its levy and budget that would otherwise be reduced because of savings: (1) from a government reorganization or township merger; (2) from the transfer, combination, or sharing of powers, duties, functions, or resources under an interlocal cooperation agreement; or (3) from the combination or reorganization of the political subdivision's departments, agencies, or functions.**

**Public Law 94  
Senate Enrolled Act 6  
Effective May 9, 2011  
Interstate Mutual Aid Agreements  
Adds IC 10-14-6.5**

**Authorizes the state and local units of government to enter into agreements to provide interstate mutual aid for emergency responses that do not rise to the level requiring a state or local declaration of a state of emergency or disaster.**

# **Public Law 102**

## **Senate Enrolled Act 217**

### **Effective July 1, 2011**

#### **Official Misconduct**

#### **Amends IC 35-44-1-2**

**Specifies that a public servant who knowingly or intentionally:**

- (1) commits an offense in the performance of the public servant's official duties;**
- (2) solicits, accepts, or agrees to accept from an appointee or employee any property other than what the public servant is authorized by law to accept as a condition of continued employment;**
- (3) acquires or divests himself or herself of a pecuniary interest in any property, transaction, or enterprise or aids another person to do so based on information obtained by virtue of the public servant's office that official action that has not been made public is contemplated; or**
- (4) fails to deliver public records and property in the public servant's custody to the public servant's successor in office when that successor qualifies; commits official misconduct, a Class D felony.**

**Public Law 107**  
**Senate Enrolled Act 464**  
**Effective July 1, 2011**  
**Deposits And Checks**  
**Amends IC 5-13-14-3**

A public servant who knowingly or intentionally:

- (1) fails to deposit public funds; or
- (2) deposits or draws any check or negotiable order of withdrawal against the funds;

except in the manner prescribed in this article, commits a Class A misdemeanor. However, the offense is a Class D felony if the amount involved is at least seven hundred fifty dollars (\$750), and a Class C felony if the amount involved is at least fifty thousand dollars (\$50,000). The public servant also is liable upon the public servant's official bond for any loss or damage that may accrue.

**Public Law 110  
Senate Enrolled Act 559  
Effective July 1, 2011  
Conflict Of Interest  
Amends IC 35-44-1-3**

**Specifies certain definitions and defenses that apply to the crime of conflict of interest.**

# **Public Law 117 House Enrolled Act 1025 Effective July 1, 2011 Official Bonds And Internal Control Systems Amends IC 5-4-1-18**

## **Official Bonds**

**(c) except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of ... township trustees ...as follows:**

**(1) the amount must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).**

**(2) the amount may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount for the officer or employee.**

**Public Law 117**  
**House Enrolled Act 1025**  
**Effective July 1, 2011**  
**Official Bonds And Internal Control Systems**  
**Amends IC 5-4-1-18**

**Official Bonds, Continued**

h) notwithstanding subsection (c), the State Board of Accounts may fix the amount of the bond for a ... township trustee ... at an amount that exceeds thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond. However, the bond amount may not exceed three hundred thousand dollars (\$300,000). An increased bond amount may be established under this subsection only if the State Examiner issues a report under IC 5-11-5-1 that includes a finding that the officer engaged in malfeasance, misfeasance, or nonfeasance that resulted in the misappropriation of, diversion of, or inability to account for public funds.

**State Board of Accounts**



**Public Law 117  
House Enrolled Act 1025  
Effective July 1, 2011  
Official Bonds And Internal Control Systems  
Adds IC 5-11-1-27**

**Internal Control**

**Requires the State Board of Accounts to define the acceptable minimum level of internal control standards and internal control procedures for internal control systems of counties, cities, towns, and townships. If a loss is reported, requires the state board of accounts to determine the internal control weakness that caused or contributed to the loss and make recommendations for correcting the condition and modifying internal control standards and procedures to prevent a recurrence.**

**State Board of Accounts**

**Public Law 122**  
**House Enrolled Act 1183**  
**Effective July 1, 2011**  
**Price Preferences**  
**Adds IC 5-22-15-23.5**

**(a) A governmental body may give up to a ten percent (10%) price preference for agricultural products grown, produced, or processed in Indiana.**

**(b) A governmental body may adopt rules to establish criteria to carry out this section.**

**Public Law 139  
Senate Enrolled Act 60  
Effective July 1, 2011  
Public Work Bids  
Amends IC 36-1-12-4**

**Provides that for purposes of the local public works statutes, bids may be opened after the time designated if: (1) the political subdivision makes a written determination that it is in the best interest of the political subdivision to delay the opening; and (2) the day, time, and place of the rescheduled opening are announced at the day, time, and place of the originally scheduled opening.**

**Public Law 171  
Senate Enrolled Act 590  
Effective July 1, 2011  
Restrictions On Public Benefits To Illegal Aliens  
Adds IC 12-32-1-5**

**Makes various changes concerning enforcement of federal immigration laws, illegal immigration, and related criminal matters.**

**Public Law 172  
House Enrolled Act 1004  
Effective Various Dates  
Annual Reports, Public Works  
and Local Governments Matters**

**Annual Reports - Amends IC 5-11-1-4**

**Prohibits the DLGF from approving a budget or a supplemental appropriation until a taxing unit files a financial report with the state board of accounts in the immediately preceding year.**

**State Board of Accounts**

**Public Law 172  
House Enrolled Act 1004  
Effective Various Dates  
Annual Reports, Public Works  
and Local Governments Matters**

**Nonprofit Audits – Amends IC 5-11-1-9**

**Raises the maximum amount of public funds that a nonprofit corporation may spend and be subject only to a limited audit of the expenditures of the public funds from \$100,000 to \$200,000.**

**Public Law 172  
House Enrolled Act 1004  
Effective Various Dates  
Annual Reports, Public Works  
And Local Governments Matters**

**Public Works – Amends IC 5-11-1-26**

**Increases the cost of projects that may be performed without awarding a public works contract. Requires certain public works contract provisions for a public works project of more than \$1,000,000. Specifies notice and public meeting requirements that must be satisfied in certain circumstances before a public work project may be performed by the workforce of a municipality, county, state agency, or state educational institution. Adds requirements for examination reports prepared by the State Board of Accounts concerning certain public work projects. Increases the cost threshold at which bids and quotes are required under the local public works statute.**

**State Board of Accounts**

**Public Law 172  
House Enrolled Act 1004  
Effective Various Dates  
Annual Reports, Public Works  
and Local Governments Matters**

**100-R – Amends IC 5-11-13-1**

**Prohibits the DLGF from approving a budget or a supplemental appropriation until a taxing unit files The Certified Report Of Names, Addresses, Duties And Compensation Of Public Employees (FORM 100-R) with the State Board of Accounts in the immediately preceding year.**



# **Public Law 172**

## **House Enrolled Act 1004**

### **Effective Various Dates**

### **Annual Reports, Public Works**

### **and Local Governments Matters**

#### **Transparencies – Adds IC 5-14-3.8**

(a) the department, working with the Office of Technology established by IC 4-13.1-2-1, or another organization that is part of a state educational institution, the Office of Management and Budget established by IC 4-3-22-3, and the State Board of Accounts established by IC 5-11-1-1, shall post on the Indiana transparency internet web site the following:

- (1) the financial reports required by IC 5-11-1-4.
- (2) the report on expenditures per capita prepared under IC 6-1.1-33.5-7.
- (3) A listing of the property tax rates certified by the department.
- (4) an index of audit reports prepared by the State Board of Accounts.
- (5) any other financial information deemed appropriate by the department.

**Public Law 172  
House Enrolled Act 1004  
Effective Various Dates  
Annual Reports, Public Works  
and Local Governments Matters**

**Purchases Preferences – Adds IC 5-22-15-20.9**

**Provides a price preference to local Indiana businesses bidding on purchasing and public works contracts awarded by political subdivisions.**

**Public Law 172  
House Enrolled Act 1004  
Effective Various Dates  
Annual Reports, Public Works  
and Local Governments Matters**

**Fire Protection Territory – Adds IC 36-8-19-6.3**

**A member of the legislative body of a unit may not vote on a proposed ordinance or resolution authorizing the unit to become a party to an agreement to join or establish a fire protection territory if that member is also an employee of:**

- (1) another unit that is a participating unit in the fire protection territory; or**
- (2) another unit that is proposing to become a participating unit in the fire protection territory.**

**Public Law 188  
House Enrolled Act 1174  
Effective July 1, 2011  
Sale Of Real Property  
Amends IC 36-1-11-4**

**Makes various changes for a local government's disposing agent with regards to disposing, leasing, transfer and bidding procedures for the sale of real property.**

**Public Law 195  
House Enrolled Act 1216  
Effective July 1, 2011  
Public Work Projects Common Construction  
Amends IC 5-16-7-1**

**Raises the threshold for the application of the common construction wage statute from \$150,000 to \$250,000 for contracts awarded after December 31, 2011, and before January 1, 2013, and to \$350,000 for contracts awarded after December 31, 2012. Provides that a public works project may not be artificially divided to avoid application of the common construction wage statute.**

# **Public Law 198**

## **House Enrolled Act 1238**

### **Effective Various Dates**

### **Advocacy with Public Funds**

### **Amends IC 6-1.1-20-3.1**

**Provides that a political subdivision may not artificially divide a capital project into multiple capital projects in order to avoid the requirements of the petition and remonstrance process. (Under current law, such a prohibition applies under the capital projects referendum statutes.) Provides that the ballot language for a capital project referendum must first be approved by the department of local government finance (DLGF). (Under current law, the DLGF makes recommendations concerning the ballot language.)**

**Public Law 202  
House Enrolled Act 1297  
Effective May 10, 2011  
Public Depositories  
Amends IC 5-13-9-8**

**Any investing officer of a political subdivision that makes a deposit in any deposit or other account may be required to pay a service charge to the depository in which the funds are deposited, if the depository requires all customers to pay the charge for providing that service. However, the service charge imposed must be considered in the computation of the interest rate for determining which depositories are entitled to investments as prescribed by sections 4 and 5 of this chapter. If the total service charge cannot be computed before the investment, the investing officer shall estimate the service charge and adjust the interest rate based on this estimate. The service charge may be paid:**

- (1) by direct charge to the deposit or other account; or**
- (2) in a manner that subtracts the service charge from interest earned on the funds in the deposit or other account.**

# **Public Law 208**

## **House Enrolled Act 1365**

### **Effective July 1, 2011**

## **Volunteer Fire Departments**

### **Amends IC 36-8-12-13**

**Allows the first responding volunteer fire department to recover attorney's fees and costs incurred by the department in an action to recover unpaid service charges. Prohibits a volunteer fire department funded by taxes imposed by a unit or by a contract with a unit from imposing a charge on persons who reside or pay property taxes in the unit unless the spill or chemical or hazardous material fire poses an imminent threat to persons or property. Provides that a bill for a service charge by a volunteer fire department must contain: (1) verification that the bill has been approved by the chief of the volunteer fire department; and (2) language indicating that correspondence from the person being billed regarding the bill should be directed to the department. Provides that all bills sent by an agent of a volunteer fire department must be approved by the chief of the volunteer fire department before it is sent to the person being billed for services, and specifies that the chief of the volunteer fire department must review a bill before authorizing an agent to proceed with collection efforts for that bill.**



# ***Special Purchases***

**Township Bulletin, Volume 292 (February 2011)**

**The State Board of Accounts encourages the bidding and quote procedures whenever applicable to help ensure receiving competitive pricing for governmental units.**

**However, IC 5-22-10-1 provides “Notwithstanding any other provision of this article, a purchasing agent may make a purchase under this chapter without soliciting bids or proposals.”**

**IC 5-22-10-2 provides a special purchase must be made with competition as is practicable under the circumstances.**

# ***Special Purchases – Continued***

**Township Bulletin, Volume 292 (February 2011)**

**Supply purchases are a possibility for consideration of the special purchase provisions of IC 5-22-10-1 et seq.**

**We are of the audit position, townships should obtain the written position of the township attorney as to which section of IC 5-22-10 might be applicable to any particular situation.**

**The written position of the township attorney should then be attached to the completed Special Purchase Contract File List Form and retained and for audit as a public record.**

# ***Special Purchases – Continued***

**Township Bulletin, Volume 292 (February 2011)**

**IC 5-22-10-10 provides a purchasing agent may make a special purchase when the purchasing agency has solicited for a purchase under another purchasing method described in this article and has not received a responsive offer.**

**IC 5-22-10-8 provides a purchasing agent may make a special purchase when:**

**(1) the compatibility of equipment, accessories, or replacement parts is a substantial consideration in the purchases; and**

**(2) only one (1) source meets the using agency's reasonable requirements.**

# ***Prompt Payment***

**IC 5-17-5-1 states:**

**“(a) Except as provided in section 2 of this chapter, every state agency and political subdivision shall pay a late payment penalty at a rate of one percent (1%) per month on amounts due on written contracts for public works, personal services, goods and services, equipment, and travel whenever the state agency or political subdivision fails to make timely payment.**

## ***Prompt Payment – Continued***

**(b) Except as provided in subsection (c), for the purposes of this section, payment is timely if:**

**(1) a check or warrant is mailed or delivered on the date specified for the amount specified in the applicable contract documents, or, if no date is specified, within thirty-five (35) days of:**

**(A) receipt of goods and services; or**

**(B) receipt of a properly completed claim.**

**(2) for any amount required to be withheld under state or federal law, a check or warrant is mailed or delivered in the proper amount on the date the amount may be released under the applicable law.**

## ***Prompt Payment – Continued***

**(c) For the purposes of this section, payment by a political subdivision is timely if:**

**(1) a date for payment is not specified in an applicable contract;**

**(2) a claim:**

**(A) for payment for goods or services; and**

**(B) that must be approved by a local legislative body or board;**

**is submitted to the body or board; and**

**(3) the political subdivision pays the claim within thirty-five (35) days following the first regularly scheduled meeting of the body or board that is held at least ten (10) days after the body or board receives the claim.”**

# ***Prompt Payment – Continued***

## **Accounting and Uniform Compliance Guidelines Manual for Townships Chapter 13**

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

# ***Internal Control***

*Township Bulletin, Volume 260, February 2003*

Segregation of Duties

Document (written policy)

Rotation of Duties

**State Board of Accounts**



# ***Internal Control***

*Township Bulletin, Volume 260, February 2003*

Enforced Vacation

Physical Security - Locks

Bank Statement Reconciliation  
& Verification

**State Board of Accounts**

# ***Internal Control***

*Township Bulletin, Volume 260, February 2003*

**If possible, separate the duties of signing and recording checks.**

**The person that opens the mail should be different than the person who records the checks.**

# **Resolution Establishing Salaries of Township Officers And Employees (Township Form No. 17 – Revised 2008)**

**As a reminder to all trustees, the Township Board is required to set the salaries and wages for each township employee every year. Listings of positions on budget forms are not considered sufficient for documentation of approved salaries and wages. The State Board of Accounts has provided a prescribed form, township form no. 17, to document the approved salaries and wages.**

# **Resolution Establishing Salaries of Township Officers And Employees (Township Form No. 17 – Revised 2008)**

**Please remember the Township Board should record the salaries so fixed in the township board minutes. We recommend the board set the salaries of township officials and employees, in conjunction with the preparation and completion of the township budget.**

# Advance Payments

**Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute.**

**Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee.**

# Advance Payments

**IC 5-7-3-1 states:**

**(a) public officers may not draw or receive their salaries in advance.**

# Compensation

**All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements.**

## **Policies**

**Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts.**

## **Employee Benefits**

**All types of employee benefits should be detailed in a written policy. Payments for expenses not authorized in a written policy cannot be allowed.**

**The Board should adopt policies governing sick leave, vacation leave, and any other types of special leave.**



# Policies, Continued

## Leave and Overtime Policy

Each governmental unit should adopt a written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime.

Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies.

# Policies, Continued

## Travel Policies

Each governmental unit should adopt a written travel policy in conformity with applicable statutes.

Reimbursement for lodging and meals should be based upon actual receipts for amounts paid unless otherwise authorized by statute.

# Mileage and Travel

The township trustee is entitled to a sum for mileage in the performance of his official duties equal to the sum per mile paid to state officers and employees (IC 36-6-8-3). The state rate effective October 1, 2009 is \$.40 per mile. Mileage claim form number 101 shall be properly completed, listing dates of authorized travel, details of travel, miles traveled, nature of business, etc., for reimbursements for mileage before payment is made.

Reimbursed mileage shall not include travel to and from the officer's or employee's home and the governmental office in which he works, unless otherwise authorized by statute.

## **Mileage and Travel, Continued**

**Official Opinion 74 of the Indiana Attorney General, issued in 1953, concluded there is no statutory authority for payment of a fixed amount of travel allowance to public employees and that a public employer may not reimburse an employee for travel expense which is, in fact, not incurred by the employee. Also, there is no authority for a travel allowance to be paid without regard to the number of miles, if any, actually traveled.**

**Therefore, the State Board of Accounts is of the audit position that a fixed amount for travel allowance should not be paid. The prescribed method is to reimburse the employee for travel on the basis of a claim filed on mileage claim, Form 101.**

Prescribed by State Board of Accounts

General  
Form No. 101  
( 2009)

**MILEAGE CLAIM**

\_\_\_\_\_  
(GOVERNMENTAL UNIT)

TO

\_\_\_\_\_  
(OFFICE, BOARD,  
DEPARTMENT OR  
INSTITUTION)

ON ACCOUNT OF APPROPRIATION NO. \_\_\_\_\_ FOR \_\_\_\_\_

DATE 20	FROM		TO		ODOMETER READING+		NATURE OF BUSINESS	AUTO MILES TRAVELED	MILEAGE @ _____ ¢	
	POINT		POINT		START	FINISH			PER MILE	
AUTO LICENSE NO. _____								TOTALS		

+ ODOMETER READING columns are to be used only when distance between points cannot be determined by fixed mileage or official highway map.

Pursuant to the provisions and penalties of law, I hereby certify that the foregoing account is just and correct, that the amount claimed is legally due,  
after allowing all just credits and that no part of the same has been paid.

Date

## **Financial Assistance to Non-Governmental Entities**

**Amounts disbursed to non-governmental entities must be reported in the Annual Report.**

**Common township disbursements to non-governmental entities include:**

**Volunteer Fire Departments  
Emergency Medical Services**

## **Financial Assistance to Non-Governmental Entities**

**Consider including language in contracts with non-governmental entities that require them to file the Entity Annual Report with the State Board of Accounts.**

**The Entity Annual Report is used to determine the audit requirements of non-governmental entities.**

## **Financial Assistance to Non-Governmental Entities**

**As of May 10, 2011, IC 5-11-1-9 requires an organization-wide audit of an entity when the public funds *disbursed* by that organization are \$200,000 or more and equal to or greater than 50% of their total disbursements for the period.**



# Examinations

**After the Field Examiners have completed the examination of your township records they will provide you with a copy of the report which contains financial statements and notes. Please review these items for accuracy, formatting, content, etc.**

# Examinations

**In accordance with Indiana Code 5-11-5-1, management (Trustee) and those charged with governance (Township Board) are given the opportunity to respond to the comments contained in the report. The response, if any, will be bound in and become a part of our report. Please note that the report is a draft prepared by the Field Examiners and is subject to editing by Department Supervisors and Board Members.**